

ORDER NO. 3597

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Tony Hammond

Removal of Return Receipt for
Merchandise Service from the Mail
Classification Schedule

Docket No. MC2015-8R

ORDER RESOLVING ISSUES ON REMAND

(Issued October 31, 2016)

I. INTRODUCTION

This case was remanded by the United States Court of Appeals for the District of Columbia Circuit for further proceedings based on a joint motion filed by the parties.¹ The *RRM* Joint Motion to Remand requested the Commission to determine whether the proposed removal of the Return Receipt for Merchandise (RRM) Service constitutes a change in rates under the standard established by the Commission pursuant to the Court's order in D.C. Circuit No. 13-1308. For the reasons discussed below, the Commission finds that the removal of the RRM Service represents a classification

¹ *United States Postal Service v. Postal Regulatory Commission*, No. 15-1037 (D.C. Cir. filed Feb. 18, 2015) (*RRM* No. 15-1037). See Joint Motion to Remand Order of the Postal Regulatory Commission, *RRM* No. 15-1037 (D.C. Cir. June 5, 2015) (*RRM* Joint Motion to Remand).

change with rate effects under 39 C.F.R. § 3010.23(d) and is thus subject to the price cap of 39 U.S.C. § 3622(d).

II. BACKGROUND

On November 17, 2014, the Postal Service filed a request pursuant to 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30 *et seq.* to remove the RRM Service from the Special Services class of the Mail Classification Schedule (MCS).² On January 15, 2015, the Commission approved the Request but found that the removal was subject to adjustments to the unused rate adjustment authority for the Special Services class under 39 U.S.C. § 3622(d)(2)(C) and 39 C.F.R. part 3010, subpart C.³

A. Removal of the RRM Service and Order No. 2322

In Docket No. MC2015-8, the Postal Service sought to remove the RRM Service, an “outmoded service” with declining volume that provided retail and commercial mailers with the ability to obtain a mailing receipt and a physical return receipt postcard for packages containing merchandise. Docket No. MC2015-8, Request at 2-3. In Order No. 2322, the Commission determined that removal of the RRM Service from the MCS was appropriate, given the Postal Service’s justifications, pursuant to 39 U.S.C. § 3642. Docket No. MC2015-8, Order No. 2322 at 13. Likewise, the Commission found that the proposed removal meets the applicable requirements of 39 C.F.R. § 3020.30 *et seq.* *Id.* at 14. The RRM Service, following the deletion, would no longer be available.

² Docket No. MC2015-8, Request of the United States Postal Service to Remove Return Receipt for Merchandise Service from the Mail Classification Schedule, November 17, 2014 (Request).

³ Docket No. MC2015-8, Order Conditionally Approving Removal of Return Receipt for Merchandise Service from Mail Classification Schedule, January 15, 2015 (Order No. 2322). The Commission incorporates by reference the record in Docket No. MC2015-8, including the Commission’s findings that the Request complied with 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30. See Docket No. MC2015-8, Order No. 2322 at 12-14. Compliance with those rules will not be reevaluated as part of this Order.

The Commission's rules require that the Postal Service, for purposes of the calculation of the price cap, "make reasonable adjustments to the billing determinants to account for the effects of classification changes such as the introduction, deletion, or redefinition of rate cells."⁴ Those adjustments, whenever possible, must be made based on "known mail characteristics or historical volume data" as opposed to forecasts of mailer behavior.⁵

Following its determination that the proposed deletion otherwise was allowed under the criteria articulated in 39 U.S.C. § 3642, the Commission reviewed the individual features that define the parameters of the rate cell in question to determine whether the change was a classification change resulting in the introduction, deletion, or redefinition of rate cells under 39 C.F.R. § 3010.23(d). Once the Commission determined that the deletion of the RRM Service constituted the deletion of a rate cell under section 3010.23(d)(2), the Commission analyzed how to "make reasonable adjustments" to the billing determinants, for purposes of calculating the price cap, to account for the deletion. Docket No. MC2015-8, Order No. 2322 at 9-10. If there is no alternate rate cell available, there is no effect on the price cap because there is no

⁴ 39 C.F.R. § 3010.23(d)(2). Price adjustments for market dominant classes of mail are limited by the percentage change in the consumer price index for all urban customers (CPI-U) unadjusted for season variation over the most recent 12-month period; that limitation (together with the provision allowing the Postal Service to use a certain amount of unused or "banked" rate adjustment authority) is known as the price cap or annual limitation. See 39 U.S.C. § 3622(d)(1)(A); Docket No. R2013-10, Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, November 21, 2013, at 16 (Order No. 1890); Docket No. R2013-10R, Order Resolving Issues on Remand, January 22, 2016, at 14 (Order No. 3047). Rule 3010.23(d)(2) is part of a larger set of price cap rules that carry out Congress's intention to protect mailers by promoting pricing stability. See 39 U.S.C. § 3622(b); see also H.R. Rep. No. 109-66, pt. 1, at 46 (2005); Docket No. R2013-10R, Order No. 3047 at 14.

⁵ See 39 C.F.R. § 3010.23(d)(3). The Commission, in its most recent rulemaking changing the calculation of the price cap, considered comments concerning the potential for the Postal Service to attempt to forecast mailer behavior, but rejected that approach. See Docket No. RM2013-2, Order No. 1786, Order Adopting Final Rules for Determining and Applying the Maximum Amount of Rate Adjustments, July 23, 2013, at 14-20. The Commission noted that when the rule was first under consideration, the Postal Service advocated for a method to map volume (*i.e.*, adjust billing determinants) that focused on existing information, such as historical volume distribution for which data is available, or mail characteristics or market research studies. *Id.* at 18. See also Docket No. RM2007-1, Initial Comments of the United States Postal Service on the Second Advance[d] Notice of Proposed Rulemaking, June 18, 2007, at 9.

market dominant product to which the volume from the deleted rate cell can be “mapped.”⁶ Sections 3010.23(d)(2)-(4) set forth rules for making adjustments to the billing determinants when a rate cell has been introduced, deleted, or redefined that depend on the availability of alternate rate cells.

In this case, the Commission considered two candidate rate cells that could be alternates to the RRM Service that were identified by the Postal Service—Signature Confirmation and Certified Mail (with Return Receipt).⁷ The Postal Service noted that one potential alternate, Signature Confirmation, provided more modern features such as electronic evidence of mailing, date of delivery, electronic scan of the customer’s signature, and the ability to electronically track the package. Docket No. MC2015-8, Request, Attachment B at 2-3. The other potential alternative the Postal Service identified, Certified Mail (with Return Receipt), would allow mailers to receive a physical return receipt postcard. *Id.* at 3. The RRM Service provided mailers with a mailing receipt and a return receipt postcard containing the recipient’s signature and date of delivery for merchandise.⁸ Volume for the RRM Service declined since 2011, but despite the availability of Signature Confirmation, there were 167,239 uses of the RRM Service in 2014. Docket No. MC2015-8, Request, Attachment B at 2.

The Commission reviewed the proposed available alternate rate cells to determine whether either was a suitable alternative to the RRM Service for the

⁶ See 39 C.F.R. § 3010.23(d)(4). Section 3010.23(d)(4) requires that if the Postal Service deletes a rate cell, the volume weight applied is set to zero. In contrast, if just the rate were set to zero, the Postal Service would receive additional authority from the deletion because the prior year’s volume would be applied to a price reduction (from the previous price to zero). See *also* Docket No. RM2014-3, Order No. 1879, Notice of Proposed Rulemaking on the Treatment of Rate Incentives and De Minimis Rate Increases for Price Cap Purposes, November 18, 2013, at 12-13.

⁷ Docket No. MC2015-8, Request, Attachment B at 3. Signature Confirmation provides proof of delivery and a copy of the recipient’s signature electronically (when requested), and Certified Mail provides a mailing receipt, but mailers may request an electronic or a return receipt postcard for an additional fee. Docket No. MC2015-8, Response of the United States Postal Service to Chairman’s Information Request No. 1, December 10, 2014, questions 1.c and 1.d (Response to CHIR No. 1).

⁸ *Id.* at 2. The Postal Service admitted that the provision of a mailing receipt postcard showing the recipient’s signature is a basic characteristic of the RRM Service. See Docket No. MC2015-8, Response to CHIR No. 1, questions 1.a and 1.b.

purposes of the adjustment accounting for the effects of the deletion of the RRM rate cell. Based on the features that defined the RRM Service, the Commission determined that "the key characteristic of RRM Service is the physical mailing of a receipt postcard." Docket No. MC2015-8, Order No. 2322 at 9. As a result, the Commission concluded that Certified Mail (with Return Receipt) was "the only alternative option with 'basic characteristics' that closely mirror[ed] RRM Service's basic characteristics." *Id.* at 3, 9.

Because Certified Mail (with Return Receipt) existed as an alternate rate cell that best fit the features that defined the RRM Service rate cell, the Commission applied rule 3010.23(d)(2) and required adjustments to billing determinants to reflect the mail volume shift from RRM Service to Certified Mail (with Return Receipt).⁹ The adjustment to billing determinants resulted in a decrease in Special Services' unused rate adjustment authority by 0.010 percent. *Id.* at 10-11, 14; see 39 C.F.R. § 3010.23(d)(2). The result of the Commission's decision in Order No. 2322 was that the Postal Service could remove the RRM Service but must account for that removal by making reasonable adjustments to the billing determinants (and therefore the unused rate adjustment authority) as described above. Docket No. MC2015-8, Order No. 2322 at 15.

The Commission's decision in Order No. 2322 was "analogous to the circumstances in Docket No. R2013-10," Order No. 1890.¹⁰ In Order No. 1890, the Commission analyzed whether the Full Service Intelligent Mail barcode (IMb)

⁹ Docket No. MC2015-8, Order No. 2322 at 9. The result of this adjustment is an effective price change for that volume which previously paid the RRM Service rate and, for purposes of the price cap calculation, would be assumed to pay the Certified Mail (with Return Receipt) rate after implementation of the change. As described in Order No. 3047, the price cap rules require the Postal Service to identify the volume of mail sent in the previous year that would continue to receive the rate associated with the old rate category (RRM Service customer) and the volume of mail sent in the previous year that would receive the rate associated with the new rate category (Certified Mail (with Return Receipt)) if the old rate category was no longer available. Docket No. R2013-10R, Order No. 3047 at 14-15.

¹⁰ Docket No. MC2015-8, Order No. 2322 at 9; see Docket No. R2013-10, Order No. 1890.

requirement¹¹ was a classification change that had rate effects under the price cap rules. Docket No. R2013-10, Order No. 1890 at 13-35. The Commission determined that because Basic IMb automation rates would no longer be available, mailers would be forced to use Full Service IMb in order to qualify for the same rates they would have received before the change. Accordingly, under 39 C.F.R. § 3010.23(d)(2), the Full Service IMb requirement constituted both the deletion and redefinition of rate cells, “either of which must be included in the calculation of the percentage change in rates.” *Id.* at 13. The Commission found that the Full Service IMb requirement was a deletion of rate cells because Basic IMb automation rates would no longer be available.¹²

For those reasons, the Commission concluded the Full Service IMb requirement was a classification change resulting in the redefinition and deletion of rate cells requiring adjustments to billing determinants pursuant to 39 C.F.R. § 3010.23(d)(2). *Id.* at 35; see 39 C.F.R. § 3010.23(d)(2). On December 20, 2013, the Postal Service appealed Order No. 1890 to the United States Court of Appeals for the District of Columbia Circuit.¹³

On January 28, 2015, the Postal Service responded to Order No. 2322 and elected to “indefinitely defer the removal of RRM Service.”¹⁴ The Postal Service argued

¹¹ In 2009, when the Postal Service first implemented the IMb program, both Basic IMb and Full Service IMb were available to access automation rates. Implementation of New Standards for Intelligent Mail Barcodes, 73 Fed. Reg. 49,333 (Aug. 21, 2008). In 2013, the Postal Service revised its Domestic Mail Manual, effectively eliminating Basic IMb and requiring users to use Full Service IMb in order to access automation prices. Implementation of Full-Service Intelligent Mail Requirements for Automation Prices, 78 Fed. Reg. 23,137 (Apr. 18, 2013).

¹² Docket No. R2013-10, Order No. 1890 at 31-32. The Commission also found that “because [Full Service IMb] require[s] mailers to alter a basic characteristic of a mailing in order for the mailing to qualify for the same rate category for which it was eligible before the change in requirements,” the new requirements redefined rate cells; however, because the Postal Service proposed to completely eliminate the RRM Service rather than alter requirements for the service, an inquiry or finding relating to the nature or significance of the change under the redefinition prong of the standard set forth in Order No. 3047 is not necessary in this case. See *id.* at 18.

¹³ Petition for Review, *United States Postal Service v. Postal Regulatory Commission*, 785 F.3d 740 (D.C. Cir. 2015) (IMb No. 13-1308).

¹⁴ Docket No. MC2015-8, Response of the United States Postal Service to Order No. 2322, January 28, 2015, at 2 (Postal Service Response).

that the Commission “overstepped” its authority “[b]y forcing the Postal Service to choose between maintaining an outmoded service and surrendering space under the price cap.” Docket No. MC2015-8, Postal Service Response at 2. The Postal Service maintained that Congress intended to provide the Postal Service with “true pricing flexibility” when the Postal Accountability and Enhancement Act was enacted and that the Commission’s findings “ignore Congressional intent, inappropriately expand the scope of the price cap, and erode whatever pricing flexibility the Postal Service purportedly enjoys.”¹⁵

On February 18, 2015, the Postal Service appealed Order No. 2322 to the United States Court of Appeals for the District of Columbia Circuit. *RRM* No. 15-1037. While the appeal of Order No. 2322 was pending, a separate panel of the United States Court of Appeals for the District of Columbia Circuit issued a decision granting in part the Postal Service’s appeal of the Commission’s findings in Order No. 1890 regarding the Full Service IMb requirement.¹⁶ The *IMb* Court found that although the Commission had the authority to find that some mail preparation requirements have rate effects, the Commission had failed to articulate a clear standard to evaluate those changes. *IMb Remand* at 753. Accordingly, the Court ordered the Commission to “enunciate an intelligible standard and then reconsider its decision in light of that standard.” *Id.* at 756.

On June 5, 2015, the Postal Service and the Commission jointly moved the Court to remand *RRM* No. 15-1037 in light of the *IMb Remand* “[b]ecause the Commission’s order on review in the instant proceeding relied on the standard governing ‘changes in rates’ that this Court invalidated as unreasonable in [the *IMb Remand*].” *RRM* Joint Motion to Remand at 4. The *RRM* Joint Motion to Remand specified that the parties “agree[d] that, on remand, the Commission should establish an ‘intelligible standard’ as ordered by this Court in [the *IMb Remand*] and should then determine whether the

¹⁵ *Id.*; see also Postal Accountability and Enhancement Act (PAEA), Pub. L. 109-435, 120 Stat. 3198 (2006).

¹⁶ *United States Postal Service v. Postal Regulatory Commission*, 785 F.3d 740 (D.C. Cir. 2015) (*IMb Remand*).

proposed elimination of [the RRM] service is a ‘change in rates’ under that new standard.” *Id.* Accordingly, the Postal Service’s appeal of Order No. 2322 was held in abeyance pending resolution of the *IMb* No. 13-1308.¹⁷

B. Establishing a Standard and Order Nos. 3047 and 3441

On January 22, 2016, in accordance with the *IMb Remand*, the Commission issued Order No. 3047 and established a reasonable and intelligible standard used to determine when a mail preparation change has a rate effect requiring compliance with the price cap. Docket No. R2013-10R, Order No. 3047 at 14-15. Under the Commission’s standard, a mail preparation change will be considered a classification change with rate effects under the price cap when the change results in the deletion and/or redefinition of a rate cell under 39 C.F.R. § 3010.23(d)(2). *Id.* at 15.

The deletion of a rate cell is defined as a change that causes the elimination of a previously available rate cell or a change that results in the functional equivalent of a deletion (not accessible or available to any mailers). *Id.* The redefinition of a rate cell is defined as a “significant change” to a basic characteristic of a mailing and to determine the significance, the Commission will assess the operational adjustments and/or costs required by the mailer to comply with the new mail preparation requirement. *Id.* at 16, 17.

Applying the new standard, the Commission concluded that the Full Service *IMb* requirement resulted in the deletion of a rate cell under 39 C.F.R. § 3010.23(d)(2) because the requirement change renders the Basic *IMb* rate cells no longer available. *Id.* at 21-22. Although the deletion analysis fully resolved “the question of the price cap implications” of the change, the Commission also determined that the Full Service *IMb* requirement was a redefinition of a rate cell under 39 C.F.R. § 3010.23(d)(2) where the

¹⁷ See Unopposed Motion of the United States Postal Service to Hold Petition for Review in Abeyance, *RRM* No. 15-1037 (Mar. 20, 2015). The Court granted the motion. Order, *RRM* No. 15-1037 (Mar. 23, 2015).

requirement would necessitate significant changes to the basic characteristics of the Basic IMb mailing.¹⁸

On February 22, 2016, the Postal Service filed a motion requesting the Commission reconsider the standard articulated in Order No. 3047 and the Commission's decision to regulate the Full Service IMb requirement under the price cap.¹⁹ The Postal Service alleged that the Commission committed a variety of errors in Order No. 3047, including misinterpreting the Court's holding in the *IMb Remand* order, failing to respond to comments, and failing to provide clear guidance regarding the standard's application. *See generally* Motion. In addition, the Postal Service argued that Order No. 3047 failed to address the removal of the RRM Service under the new standard. *Id.* at 31-33.

On July 20, 2016, the Commission issued Order No. 3441 to address the Postal Service's Motion.²⁰ The Commission affirmed its two-prong standard set forth in Order No. 3047. *See generally* Docket No. R2013-10R, Order No. 3441. As it related to the Postal Service's comments concerning the application of the standard to the removal of the RRM Service, the Commission indicated that it was not required to "decide the RRM [S]ervice matter in the same order as the Full Service IMb matter." *Id.* at 25. The Commission responded to the Postal Service's concern "that the standard set forth in Order No. 3047 'speaks only to when a mail preparation change will be considered a classification change with price cap effects requiring compliance with 39 C.F.R. § 3010.23(d)'" by clarifying that "in the forthcoming order applied to the RRM [S]ervice, the Commission will look to whether the elimination of a service causes the deletion or

¹⁸ *Id.* at 22-23. Some of the "extensive" changes include more complex, unique barcoding requiring extensive costs and operational adjustments by the mailers, including new technology and additional staff training. *Id.* at 23-27.

¹⁹ Docket No. R2013-10R, Motion for Reconsideration of Order No. 3047, February 22, 2016 (Motion).

²⁰ Docket No. R2013-10R, Order Resolving Motion for Reconsideration of Commission Order No. 3047, July 20, 2016 (Order No. 3441).

redefinition of a rate cell under 39 C.F.R. § 3010.23(d)(2).” *Id.* at 26 (citing Motion at 32) (emphasis in original).

The Commission also provided guidance for how it would approach the RRM Service matter by explaining that “[t]he relevant inquiry will be whether the elimination of a service is a classification change that results in either the deletion or redefinition of a rate cell under the price cap rules—the same inquiry set forth under the Commission standard in Order No. 3047.” *Id.*

III. COMMISSION ANALYSIS

By virtue of the Commission’s issuance of Order Nos. 3047 and 3441, the Commission now completes its review of Order No. 2322. In the following section, the Commission explains the standard used to determine when the removal of a service from the market dominant product list will have rate effects under the price cap. The Commission then applies the standard to the removal of the RRM Service.

A. Price Cap Rules

Part 3010 of the Code of Federal Regulations governs market dominant product rate regulation, and subpart C contains rules related to the price cap. The purpose of the rules is to “protect mailers by providing predictable and stable rates that at the class level do not rise above the annual rate of inflation.”²¹ Therefore, as part of the price cap rules, the Postal Service is required to “make reasonable adjustments to the billing determinants to account for the effects of classification changes such as the introduction, deletion, or redefinition of rate cells” pursuant to rule 3010.23(d)(2). 39 C.F.R. § 3010.23(d)(2). In Order No. 3047, the Commission articulated a standard to be used to determine when a classification change results in the deletion or redefinition of a rate cell under 39 C.F.R. § 3010.23(d)(2)—a standard that applies equally whether

²¹ Docket No. R2013-10R, Order No. 3047 at 14 (citing Docket No. R2010-4, Order No. 547, Order Denying Request for Exigent Rate Adjustments, September 30, 2010, at 12).

the classification change is a change to a mail preparation requirement or a change to a service.

B. Removal of the RRM Service

Based on Order No. 3047, the Commission finds that the removal of a service where an alternate rate cell is available is considered a classification change with rate effects under 39 C.F.R. § 3010.23(d)(2) and requires compliance with the price cap where the removal of a service results in the deletion of a rate cell.

In Order No. 3047, the Commission concluded that the deletion of a rate cell occurs when the previously available rate is eliminated or no longer accessible by mailers. Docket No. R2013-10R, Order No. 3047 at 15. Further, in Order No. 3047, the Commission specifically stated, rate cell “[d]eletion will result where the Postal Service [] eliminates one of the rates by removing it from the MCS....” *Id.* at 16. Where the Postal Service’s modification of a service results in the introduction, deletion, or redefinition of rate cells, it will be considered a classification change requiring compliance with 39 C.F.R. § 3010.23(d)(2). Accordingly, if a service’s removal results in these types of changes, the Postal Service must account for the rate effects of the deletion pursuant to the price cap. 39 C.F.R. § 3010.23(d)(2).

Under the Commission’s standard set forth in Order No. 3047, the deletion of a rate cell is defined as a change that causes the elimination of a previously available rate cell or if the change results in the functional equivalent of a deletion (not accessible or available to any mailers). Docket No. R2013-10R, Order No. 3047 at 15. Applying the Commission’s standard, the inquiry into whether the removal of the RRM Service constitutes a deletion of a rate cell under 39 C.F.R. § 3010.23(d)(2) requires looking into the effect of the change on the underlying rate cell. This is a simple and objective inquiry. The Postal Service sought to formally remove the RRM Service rate from the MCS and make the rate associated with that service unavailable to mailers. Docket No. MC2015-8, Request at 1. In the previous proceeding, the Postal Service argued that it was not changing or increasing the rate for the RRM Service but rather discontinuing

the rate entirely, and thus the classification changes did not fall under 39 U.S.C. § 3622(d)(1) and 39 C.F.R. part 3010.²² This interpretation is incorrect, as the rules address classification changes that also introduce, delete, or redefine rate cells and therefore have rate effects, as discussed in the *IMb Remand*. See, e.g., 39 C.F.R. §§ 3010.4-3010.6, 3010.23(d)(2).

There is no dispute that the removal of the RRM Service will delete the RRM Service rate cell. Attachment C to the Postal Service's Request illustrates how the Postal Service proposed to remove the RRM Service. See Docket No. MC2015-8, Request, Attachment C at 4. In Attachment C, the Postal Service struck through the RRM Service's rate cell that appears in section 1505.14.2 of the MCS, which is its standard practice to signify a deletion. *Id.* As the Commission noted in Order No. 2322, 39 C.F.R. § 3010.23 applies in the event of any deletion of a rate cell. Docket No. MC2015-8, Order No. 2322 at 10.

Accordingly, because the removal of the RRM Service results in the elimination of the RRM Service's previously available rate, the Postal Service must account for the rate effects of that deletion pursuant to the price cap rules. 39 C.F.R. § 3010.23(d)(2).

C. Impact on the Price Cap

After it is determined that the price cap applies (39 U.S.C. § 3622(d)(1)(A) and 39 C.F.R. part 3010, subpart C), Commission rules require the Postal Service to include the effects of a rate adjustment—in this instance, the deletion of a rate cell—in its calculation of the percentage change in rates if there is an alternate rate cell available.²³ The Commission reiterates that evaluating whether there is an alternate rate cell available involves reviewing the known features that define the parameters of a rate cell

²² Docket No. MC2015-8, Reply Comments of the United States Postal Service, December 17, 2014, at 1-2.

²³ Rule 3010.23 describes the methods by which the Postal Service must adjust billing determinants to account for changes in rates. Rule 3010.23(d)(2) describes permissible adjustments, and rule 3010.23(d)(4) describes adjustments for the deletion of a rate cell when an alternate rate cell is not available. See 39 C.F.R. §§ 3010.23(d)(2) and (d)(4).

to determine the appropriate alternate rate cell. See Docket No. R2013-10R, Order No. 3047 at 16. In this case, the RRM Service volume, for purposes of the price cap calculation, could be mapped to one of the alternatives suggested by the Postal Service: Signature Confirmation or Certified Mail (with Return Receipt). See *supra* at 3-4. By the Postal Service's admission, the basic characteristics of the RRM Service are the provision of a receipt of mailing and a physical return receipt postcard. Docket No. MC2015-8, Request, Attachment B at 2-3. While Signature Confirmation may have more modern features, it lacks these basic characteristics associated with the RRM Service. Mailers currently utilizing the RRM Service have the option of using Signature Confirmation, but for whatever reasons have chosen not to use this service. Certified Mail (with Return Receipt) is the only product that shares the basic feature of a physical postcard evidencing delivery with the RRM Service. See *supra* at 5. Certified Mail (with Return Receipt) is therefore the only product to which the volume from the RRM Service may reasonably be mapped pursuant to 39 C.F.R. § 3010.23(d)(2). The Commission therefore reaffirms its conclusions in Order No. 2322 concerning the impact that the removal of the RRM Service has on the price cap.²⁴

D. Conclusion

As stated previously, one of the purposes of the price cap and its underlying rules is to promote pricing stability and predictability. See *supra* at 3 n.4. While the Commission appreciates the need for the Postal Service to improve products and remove those products that are outmoded or underperforming, the purpose of the price cap is to protect mailers and ensure rates that, at the class level, do not rise above the annual rate of inflation. See *id.* The removal of the RRM Service and the deletion of its rate cell fall under 39 C.F.R. § 3010.23(d)(2) and its mandate that the Postal Service

²⁴ See Docket No. MC2015-8, Order No. 2322 at 11-12. Based on the Commission's finding that the closest alternative service with the same basic characteristics was Certified Mail (with Return Receipt), the Commission cited to the price cap impact provided by the Postal Service. *Id.* at 9, 11-12, 14 n.21, 15 (citing Docket No. MC2015-8, Response to CHIR No. 1, question 2.c).

make reasonable adjustments to billing determinants pursuant to the price cap. The Commission, therefore, affirms its analysis in Order No. 2322.

IV. ORDERING PARAGRAPH

It is ordered:

The Commission finds that removal of the Return Receipt for Merchandise Service constitutes a classification change with rate effects under 39 C.F.R. § 3010.23(d)(2) because the removal results in the deletion of a rate cell where an alternate rate cell exists that shares the same types of features that define the deleted rate cell.

By the Commission.

Stacy L. Ruble
Secretary